



DEPARTMENT OF THE NAVY
SPACE AND NAVAL WARFARE SYSTEMS COMMAND
WASHINGTON, D.C. 20363-5100

IN REPLY REFER TO:
SPAWARINST 4440.9
SPAWAR 003-211
4 October 1990

SPAWAR INSTRUCTION 4440.9

From: Commander, Space and Naval Warfare Systems Command

Subj: CONTROL OF CONTRACTOR ACCESS TO DOD MATERIAL INVENTORIES
REQUIRED BY DEFENSE CONTRACTS FOR GOVERNMENT FURNISHED
MATERIAL

Ref: (a) SECNAVINST 4440.32 of 27 Jun 89, Subj: Control of
Contractor Access to DOD Material Inventories
(b) DOD Instruction 4140.48 of 6 Mar 86 (NOTAL)
(c) SECNAVINST 5200.35B of 25 Mar 88, Subj: Department of
the Navy Management Control Program
(d) NAVSUP Pub 437 (MILSTRIP/MILSTRAP)
(e) Department of Defense Appropriation Act, 1980, Section
767, Public Law 96-154
(f) Federal Acquisition Regulation (FAR) and the DOD FAR
Supplement (DFARS)
(g) DOD 4000.25-1-M

Encl: (1) SPAWAR GFM Certification Report
(2) SPAWAR Management Control Activities
(3) Procedures for MCA Approval of GFM Requisitions
(4) Instructions for Preparing and Distributing the Government
Furnished Material (GFM) Status Report

1. Purpose. To publish the policy, responsibilities and procedures for controlling and monitoring Government Furnished Material (GFM) furnished to contractors for use within the scope of contracts under the cognizance of the Space and Naval Warfare Systems Command and implement the policy and direction in references (a) and (b).

2. Scope. This instruction is applicable to all contracts awarded on or after 1 October 1990 whereby material will be furnished to contractors.

3. Definitions

a. Government Furnished Material (GFM). Property provided by the government for the purpose of being incorporated into or attached to a deliverable end item or that will be consumed or expended in performing a contract. GFM includes assemblies, components, parts, raw and processed material, and small tools and supplies that may be consumed in normal use in performing a contract (FAR 45.301). GFM does not include material provided to contractors on a cash sale basis as discussed in paragraph 5 b(5) below nor does it include government-owned components or major end items being

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repaired by commercial contractors for return to the government. This includes support material provided to contractors as GFM, which is further defined in paragraph 2b.

b. Support Material. Government-owned spare parts, tools, and test equipment provided to contractors from the Federal Supply System (FSS) for operational or installation support of principal end items; i.e., weapons systems. Support material includes items cited on Support Material Lists (SMLs), Interim Contractor Support Spares (ICSS), Coordinated Shipboard Allowance List (COSAL) material awaiting loadout, Installation and Check-Out (INCO) Kits, and any other material provided to contractors from the FSS and not otherwise defined as GFM. All other GFM requires detailed justification as to why it is in the best interest of the government to give the material as GFM.

c. Requirements Determination Activity. A Department of the Navy (DON) activity responsible for making and justifying the decision to provide GFM and for identifying and authorizing items of GFM to be provided.

d. Management Control Activity (MCA). A DON activity designated in the contract to

(1) Validate contractor-submitted requisitions to obtain material from the FSS against contractually specified requirements;

(2) Maintain the data base for a government-owned and maintained automated management system which validates contractor-submitted requisitions to obtain material from the FSS against contractually specified requirements.

e. Government Directed (Pushed) Material. Government material provided to a contractor according to specific contract terms and provisions. No request from the contractor is required to obtain delivery of the items. This material may be obtained from either Military Standard Requisitioning and Issue Procedures (MILSTRIP) (Pushed) or contract source where the government performs all the tasks associated with furnishing this material.

f. Contractor Requisitioned Material. Government material is provided to a contractor when the contractor requests the material in accordance with the contract terms. The form of the request will be dictated by contract and may utilize such methods as ordering through the MILSTRIP system, ordering by letter or correspondence, or ordering by telephone.

3. Policy

a. It is the policy of the Space and Naval Warfare Systems Command that contractors shall provide all material required for the

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performance of Navy contracts. We will continue as our policy to provide GFM to contractors when it is in our best interest to do so; but issue of GFM shall be done with the procedures of this instruction in place. Contractors will not be allowed to requisition material directly from the Federal Supply System (FSS). To the maximum extent possible, all material authorized by the contract should be obtained from the Federal Supply System and shall be pushed to the cognizant contractor as government directed material.

b. In those exceptional instances where GFM is essential for meeting SPAWAR requirements, access to federal supply system material inventories for government-owned material required by SPAWAR contractors will be limited to the MCA. Support Material (SM) allowance lists, such as Support Material Lists and Coordinated Shipboard Allowance Lists, which are prepared by the Navy, will constitute full justification, validation, and documentation of the requirement for GFM. The federal supply system will be the first source of supply for approved government furnished material requirements. Any decision to provide readily available commercial items requires detailed analysis and written justification as being in the best interest of the government.

c. A formal oversight and reporting program is established to ensure the proper issue, accountability and monitoring of government furnished material. The responsibility for administration of the program is assigned to SPAWAR 003, who will provide policy guidelines and coordinate all SPAWAR internal and external data requirements for the Command's oversight operation. The on-site accountability for property once it has been furnished to, or acquired by, contractors shall be the responsibility of the Defense Contract Administration Service (DCAS) or other designated Contract Administration Office (CAO).

d. Any attempt to circumvent GFM validation requirements is sufficient cause to refer violations to the appropriate criminal investigating activity to determine possible fraud, waste, and abuse. Violation referrals to criminal investigating activities will be made by the monitoring MCA based upon reports of rejected transactions or violations discovered during the post validation process.

e. Contractor Furnished Material (CFM) is not subject to GFM controls. SPAWAR will publish and distribute an independent policy instruction on CFM.

f. Any verbal approval relating to GFM given by a Procuring Contracting Officer (PCO) must be confirmed by the PCO in writing, as required by the government property clauses. Written approval should be in the form of appropriate contract modifications.

5. Responsibilities

a. SPAWAR 02 shall:

(1) Verify that all new contracts calling for GFM meet the requirements of references (a) through (f).

(2) Provide any GFM-related information required by SPAWAR 003-2 pertaining to contractual matters.

(4) Ensure that the MCA (SPAWAR and appropriate program manager code) is identified in contracts which authorize GFM and clearly state that all GFM which is available from the FSS will be "pushed" to the contractor by the cognizant code.

(5) Ensure that the list of identifiable GFM and appropriate requisitioning procedures are included in the contract.

(6) Include in the contract Navy Accounting and Finance Center (NAFC)-approved Department of Defense Activity Address Code (s) (DODAAC(s)) for contractors authorized to receive GFM and/or cash sales. If a DODAAC is not already assigned, submit requests for DODAAC(s) to be used by the contractor. These requests shall be submitted to NAFC, Code NAFC-5511 and shall include the following information: contract number; contract expiration date; complete contracting office mailing address; complete contractor address (mailing, shipping and billing); name and address of the CAO and name and address of the MCA(s).

(7) Advise NAFC of contract terminations and extension of contract expiration dates.

(8) Respond to NAFC requests for periodic validation of DODAACs for expiration date.

b. SPAWAR Program Directors/SPAWAR Activities Commanding Officers/Commanders and Officers in Charge:

(1) Act as the Requirements Determination Activity, analyze critically those program requirements that give rise to the need for GFM and certify the requirement using the format of enclosure (1). Any transfer of GFM from another contract or government source requires the completion of enclosure (1).

(2) Serve as the Management Control Activity for all material requisitions, initiating and processing all material requisitions and supply directives in compliance with contractually authorized levels. A listing of routing identifier codes assigned

to SPAWAR MCAs is contained within enclosure (2). Any requisitions not released and/or validated by the MCA will not be filled. GFM requisitions will be submitted to the cognizant ICP when necessary to meet contract requirements. Where practical, transmission of requisitions should be via Defense Automated Addressing System (DAAS). MCAs shall maintain requisition history records until contract termination.

(3) In all acquisition packages containing GFM provisions, clearly delineate GFM by nomenclature, citing the applicable authorized NSNs, part numbers (if NSN is not known), quantities and unit price. Include in the DD 1423, a requirement for the contractor to forward a copy of the annual DD 1662 to the program manager. Ensure that the MCA (SPAWAR and appropriate program manager code) is identified in contracts which authorize GFM and clearly state that all GFM which is available from the FSS will be "pushed" to the contractor by the cognizant code.

(4) To the maximum extent that it is economically advantageous for the government to do so, ensure that excess supply system inventories are provided as GFM, unless the contractor is contractually required to use the FSS as the first source of supply to acquire material on a cash sale basis.

(5) Prior to the release of an MCA originated requisition, ensure that requisitions which furnish GFM to contractors from the FSS are screened to verify that they fall within the authorized levels of each contract.

(6) Pass MCA or contractor originated (and validated) requisitions to the appropriate DOD source for supply action. Specific procedures are documented in enclosure (3) and detailed information is contained in reference (d) and (g).

(7) Support other Service requisitions for GFM regardless of origin; i.e., contractor or Service initiated, when SPAWAR Headquarters or a SPAWAR activity is the MCA. After validation of the requirement, the MCA will forward validated requisitions to the cognizant ICP. Where practical, transmission of requisitions should be via DAAS.

(8) Maintain files which document the quantity of material issued to contractors by contract number, nomenclature, requisition number, unit prices and all pertinent shipping and receipt. As a minimum, records maintained should include the data detailed in enclosure (4).

(9) Submit the GFM status report for the reporting periods ending 30 September and 31 March within 15 calendar days and specified in enclosure (2).

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(10) Ensure that Internal Review and Command Evaluation officials include reviews of GFM management.

(11) Specify in contracts that contractors shall forward a copy of the annual DD 1662 for each SPAWAR contract to the program manager by 15 November of each year.

(12) Provide any GFM-related information required by SPAWAR 003-2.

c. SPAWAR 003-2 is assigned functional and oversight responsibilities for the SPAWAR Government Furnished Material (GFM) program and shall:

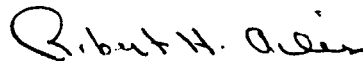
(1) Oversee the implementation of the policy established by this instruction.

(2) Consolidate information within the command for required internal and external reports.

6. Action. Requirements of this instruction are effective 1 November 1990. Addressees will provide an implementing instruction to SPAWAR 003-211 no later than 90 days after the date of this instruction (SPAWAR activities only).

7. Reports. The reporting requirements contained in paragraph 6a are assigned a reports control symbol DD-P&L(SA) 1575 (4440) and is approved for three years from the date of this directive.

8. The SPAWAR Inspector General shall incorporate the review of GFM into the Command Inspection planning.



ROBERT H. AILES
Rear Admiral, U.S. Navy

Distribution:
SPAWAR List 4

SNDL Part II:
FKQ (SPAWAR Activities)

Stocked:
SPAWAR 08-511 (20 copies)

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SPAWAR GFM CERTIFICATION REPORT

SPAWAR/Activity Code:

Program Manager

MCA Distribution Code:

Contract Number:

Purchase Request or Modification Number:

Contractor Name:

GFM to be located at:

Attach a listing of all authorized National Stock Numbers, quantities, unit price and extended price. If stock number not available, list part number.

CERTIFICATION

I certify that the listed government furnished material (GFM) identified in this contractual document has been personally reviewed and concurred in, with complete knowledge, and I understand that providing any GFM to a contractor is an exception to established DOD and SPAWAR policy. This Defense contract cannot be accomplished without this GFM being provided.

Signature:

(Program/Project Manager)

Date:

Signature:

(Contracting Official)

Date:

Copy to:
Contracting Officer
SPAWAR 003-211
Contract package
Cognizant Technical Code

Enclosure (1)

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SPACE AND NAVAL WARFARE SYSTEMS COMMAND

MANAGEMENT CONTROL ACTIVITIES

For use with Service Code Q, the Space and Naval Warfare Systems Command (SPAWAR) MCAs will use Distribution Code I.

<u>RIC</u>	<u>ACTIVITY</u>	<u>DODAAC</u>
RTA	Management Control Activity Space and Naval Warfare Systems Command Washington, D.C. 20363-5100	N00039
RTB	Management Control Activity Naval Electronic Systems Engineering Activity, St. Inigoes	N65980
RTC	Management Control Activity Naval Electronic Systems Security Engineering Center, Washington, D.C.	N62852
RTD	Management Control Activity Naval Electronic Engineering Activity, Pacific	N62670
RTF	Management Control Activity Naval Electronic Systems Engineering Center, Charleston	N65236
RTG	Management Control Activity Naval Electronic Systems Engineering Center, Vallejo	N63274
RTH	Management Control Activity Naval Electronic Systems Engineering Center, San Diego	N65584
RTJ	Management Control Activity Naval Electronic Systems Engineering Center, Portsmouth	N65580
RTK	Management Control Activity Navy Management Systems Support Office Norfolk	N68561
RTL	Management Control Activity Navy Space Systems Activity, Los Angeles	N65576
RTM	Management Control Activity Naval Surface Weapons Center, Dahlgren	N00178
RTN	Management Control Activity Naval Underwater Systems Center Newport	N66604

Enclosure (2)

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<u>RIC</u>	<u>ACTIVITY</u>	<u>DODAAC</u>
RTQ	Management Control Activity Naval Underwater Systems Center, New London	N70024
RTR	Management Control Activity Naval Coastal Systems Center, Panama City	N61331
RTS	Management Control Activity Naval Air Development Center Warminster	N62269
RTU	Management Control Activity Naval Ocean Systems Center, San Diego	N66001
RTV	Management Control Activity Naval Oceans Systems Center, Hawaii	N66620
RTW	Management Control Activity David Taylor Research Center, Bethesda	N00167
RTX	Management Control Activity David Taylor Research Center Annapolis	N61533
RTY	Management Control Activity Naval Weapons Center, China Lake	N60530

MCA RESPONSIBILITIES

1. GFM requisitions submitted by contractors or other services will contain Document Identifier Code (DOC ID) A01, A02, A04, A05, A0B, A0D, and A0E in record position (rp) 1-3.
2. The Routing Identifier Code (RIC) in rp 4-6 will be that of the Management Control Activity as specified in the contract. The MCA is the activity designated to initially receive and effect control over Service initiated and contractor initiated requisitions for GFM. The MCA must approve a GFM requisition and forward the requisition to the proper Inventory Control Point.
3. Contractor generated requisitions will contain a contractor DODAAC in rp 30-35. These DODAACs must begin with the Service Code "Q" for Navy contractors.
5. To indicate issue without reimbursement, GFM requisitions will contain an appropriate signal code in rp 51 and fund code in rp 52-53.
6. At the option of the S/A, the Manufacturer Directive Number (MDN) in rp 54-56 may be used in lieu of the PIIN in rp 73-80 or vice versa. If the MDN is not entered in rp 54-56, then the PIIN in rp 73-80 is mandatory.
7. If applicable, the call order number is entered in rp 69-72.
8. GFM non-NSN requisitions will be identified with an E in rp 68, the call order number, if appropriate, in rp 69-72; and the PIIN in rp 73-80.
9. GFM requisitions, whether originated by the S/A or the contractor, must be forwarded to the appropriate S/A MCA for validation. The MCA will validate the GFM requisitions based upon criteria furnished by the procurement/contracting offices and will make changes, reject, or continue processing action by forwarding the requisitions to the ICP.
10. Modifier documents are authorized for GFM requisitions to modify only the project code, priority designator, advice code, and the Required Delivery Date.
11. Each PD/SPAWAR activity will maintain requisition history files until contract termination and will generate reports required by this instruction.

12. When the PD receives a DOC ID AX1 from a supply source, the data will be validated and a DOC ID AX2 response will be returned to the supply source within fifteen (15) days of the DOC ID AX1 transaction.

DOCUMENT IDENTIFIER CODES

<u>Code</u>	<u>Document Title</u>	<u>Explanation</u>
AX1	ICP GFM Validation Request	From ICP to MCA to validate GFM transactions to a valid contract.
AX2	MCA GFM Validation Response	From MCA to ICP, Response to ICP validation request of GFM transactions.

13. When a supply source receives a GFM requisition, the supply source will create and forward a DOC ID AX1 transaction to SPAWAR in rp 54 of the requisition. If the DOC ID AX2 is not received within fifteen (15) days of the AX1, the supply source will process the requisition in accordance with instructions provided by the advice code in rp 65-66.

14. All GFM requisitions, regardless of contract date, will cite the last eight (8) positions of the contract number in rp 73-80 of the requisition.

INSTRUCTIONS FOR PREPARING THE GOVERNMENT FURNISHED MATERIAL (GFM)
STATUS REPORT

Report Heading/Columns

- a. Title. Government Furnished Material (GFM) Status Report.
- b. Reporting Period. Enter the year and month (YYMM) that cover the reporting period.
- c. Date. Enter the year, month and day (YYMMDD) that the report is prepared.
- d. RCS. Enter the assigned report control symbol. DD-P&L (SA) 1575 (4440).
- e. Program Directorate Code.
- f. Page. Number the pages consecutively.

Part I: Shipments of GFM to Contractors

- a. Requisition Number. Enter the requisition number.
- b. Contract Number. Enter the contract number applicable to the requisition.
- c. National Stock Number. Enter the national stock number of the material shipped to the contractor (or to a depot pending shipment to the contractor).
- d. Number of units. Enter the number of units of the material shipped.
- e. Quantity Shipped. Enter the quantity shipped.
- f. Date Shipped. Enter the year, month and day (YYMMDD) that the material was shipped.
- g. Unit Cost. Enter the unit price of the material shipped.
- h. Extended Dollar Value. Enter the extended dollar value of the material shipped.

The GFM Status Report is to be prepared semiannually for the reporting periods ending 30 September and 31 March. Reports are to be received by SPAWAR 003-2 no later than 15 days following the end of the reporting period.

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GOVERNMENT FURNISHED MATERIAL (GFM) STATUS REPORT

REPORTING PERIOD: FROM _____ TO _____

DATE _____

RCS _____

DOD COMPONENT _____

PAGE _____

SHIPMENT OF GFM TO CONTRACTORS

REQUISITION	CONTRACT	NATIONAL STOCK	NO. UNITS	QTY
SHPD DATE	UNIT	EXTENDED		
NUMBER	NUMBER			
NUMBER			SHPD COST	\$ VALUE